

Mr Mauri Pekkarinen
Minister of Trade and Industry
President of the EU Competitiveness Council
Aleksanterinkatu 4
Helsinki

19 September 2006

THE PRESIDENT

Subject: Competitiveness Council on 25 September 2006

Dear President,

On the occasion of the first formal Council meeting under your Presidency, I would like to raise, on behalf of the European business community, some views and expectations on a number of policy issues we consider crucial for Europe's competitiveness.

As I told you in our meeting on 6 July, UNICE attaches enormous importance to the work of the Competitiveness Council, and we count on the Finnish Presidency to use this Council formation to foster policies compatible with the competitiveness of European industry.

European business perceives a strong need for the Competitiveness Council to start formal cooperation with the Environment and the Energy Councils on **climate change policy**. The fact that the Kyoto Protocol is being implemented by the EU but not by some of Europe's trading partners poses risks for the international competitiveness of European companies, which need to be addressed.

European business shares the Finnish Presidency's ambitions to raise the profile of innovation policy as an essential element for growth and jobs in Europe. **The Commission Action Programme for Innovation Policy (agenda item 3)** on which you will exchange views in your meeting is an excellent occasion to do that. The Commission has rightly highlighted the need for an overarching strategy to promote innovation in Europe. While the Commission identifies a number of actions which reflect the broad nature of innovation, we would like to emphasise in particular the need to make the business environment more innovation-friendly, and the potential of the Internal Market as a driver for innovation. As business is key to the success of any innovation policy, every effort should be made to facilitate its involvement.

A case in point is the **7th Research Framework Programme FP7 (agenda item 7a)**. European business is pleased that the Council was able to reach agreement on FP7 in July. Attention must now turn to the rules for participation. Every effort must be made to enable European business to participate fully. Initiatives within FP7, e.g. the Marie Curie Fellowships, should be designed together with business. Simplification of the rules should be based on a clear understanding that a key purpose of FP7 is to improve the longer-term competitiveness of European business in the knowledge economy. Any change in the rules that might threaten this should be rejected, such as the European Parliament's compromise amendment CA 19 which would effectively result in uncontrollable risk for companies wishing to participate in FP7.

The Internal Market is a cornerstone of Europe's prosperity and one of its most ambitious projects. The future **Single Market policy (agenda item 5)** should focus on four key concepts:

Completion: transposition of Internal Market rules into national law remains unsatisfactory. Action is especially needed in liberalising services and the energy sector, which can only function with the appropriate cross-border infrastructure.

Enforcement: compliance with Internal Market rules must be monitored and secured. The way in which infringement procedures are handled should be streamlined.

Efficiency: the quality of Internal Market rules must be improved through a better rule-making process and stronger emphasis on the external dimension of the Internal Market.

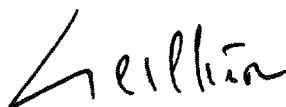
Awareness: stronger political commitment from European institutions and Member States is necessary to raise attention to and understanding of the Internal Market.

Regarding the possible agreement on the **Programme of Community action in the field of consumer policy (agenda item 6)**, we would like to stress that the Internal Market is beneficial for companies and consumers alike. The EU Consumer Policy must contribute to the well functioning of the Internal Market, avoiding red tape and legal uncertainty. It should focus on better enforcement of existing rules and correct transposition and implementation of new rules. Special attention should be given to the planned review of existing consumer legislation. It is essential to assess the impact of consumer protection proposals on the market and the competitiveness of companies.

Finally, I draw your attention to the **6th Euro-Mediterranean Ministerial Conference on Industry (agenda item 7c)** on 21-22 September where representatives of UNICE and UMCE (the Union of Mediterranean Confederation of Enterprises) will take the floor to express the need to accelerate implementation of the actions agreed in the Barcelona Five-Year Work Programme 2005 and under the European Neighbourhood Policy to deliver all the economic potential of the South Mediterranean countries. In a joint declaration, UNICE and UMCE call for the full involvement of the Euro-Mediterranean business community in this process and to consider foreign direct investment as a driver to address the challenge of globalisation in this region.

If you require more information on any of these issues, we remain at your entire disposal.

Yours sincerely,



Ernest-Antoine Seillière